



REPLY TO  
ATTENTION OF

DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY  
FINANCIAL MANAGEMENT AND COMPTROLLER  
109 ARMY PENTAGON  
WASHINGTON DC 20310-0109

June 22, 2000

MEMORANDUM FOR COMMANDER, U.S. ARMY MATERIEL COMMAND,  
ATTN: AMCRM, 5001 EISENHOWER AVE.,  
ALEXANDRIA, VA 22333-0001

SUBJECT: FY 01 Supply Management, Army (SMA) Price & Credit Update

As you are aware, in FY 01 the Single Stock Fund will eliminate the MACOM SMA Retail Divisions, which have provided a buffer zone between the Wholesale Division and the OMA Customers in the past years. Loss of the Retail will require more precision in the future to minimize impact on our customers buying power. We are currently reviewing our cost management process that enables us to control and verify the total costs and quality of Army Managed Secondary Items while providing predictable prices and credits to our customers. Although the review will be completed in the near future, it will not be in time to influence FY 01 Price and Credit Update.

The following guidance is provided to facilitate your update of the FY 01 Price and Credit Tables:

- The startpoint for the update must be the President's Budget 01 Price and Credit Table.
- Update Latest Acquisition Costs (LAC). Provide the proposed changes and associated impact to this headquarters for approval NLT 9 Aug 00.
- Surcharge should remain as published in President's Budget (this should include a cash buydown of \$74 million applied to FY 01 prices per PBD 426).
- Delete any Reduced Price Initiatives (RPI) from Price and Credit Table and provide this headquarters associated impact of changes.
- No changes from the President's Budget should occur to repair costs and washout rates.
- The items identified to receive credit on the Price and Credit Table for the President's Budget should not change without approval from this headquarters.

In general, our efforts above are to minimize adjustments to our published Price and Credit Table, which reflect the President's Budget. As noted above, LAC (pending DA approval) and RPI should be the only changes that occur during the Price and Credit update. Upon completion of this update, provide to this headquarters the approved Price and Credit Table to maintain as the official Price and Credit Table for FY 01.

Questions may be referred to LTC Steven G. McManus, at (703) 697-3122 or via e-mail at [mcmansg@hqda.army.mil](mailto:mcmansg@hqda.army.mil).

John L. Miller  
Director for Business Resources